

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

MONTREAL, CANADA



TWENTY-NINTH ANNUAL REPORT

FOR THE YEAR ENDED
31st DECEMBER 1940

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IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED



DIRECTORS

GRAY MILLER - - - - - *Chairman*
EARLE SPAFFORD - - - - - *President*

ARTHUR BROWN BRADSHER
COL. HENRI DESROSIERS, D.S.O.
FREDERICK PENTON LOFTUS LANE

} *Vice-Presidents*

SIR HUGO CUNLIFFE-OWEN, BART. JOHN TRITES STEEVES
JOHN MATTHEW O'BRIEN WILLIAM BERNARD TINGLE
LESLIE FREDERICK SKELTON JOHN HENRY VAN SICKELS
EDWARD CABELL WOOD

GENERAL COUNSEL

COLVILLE SINCLAIR, K.C.

SECRETARY

ALEXANDER LECKIE ROBERTSON

AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS

REGISTERED OFFICE

3810 ST. ANTOINE STREET, MONTREAL, CANADA

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

TWENTY-NINTH ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS For the Year ended 31st December, 1940

The Directors herewith submit their Report for the year ended 31st December, 1940, together with the Audited Balance Sheet.

During the year dividends amounting to 6 per cent were paid upon the Preference Shares of the Company and four Interim Dividends totalling 40 cents per share were paid on the Ordinary Shares.

The net profits for the year after deducting all charges and expenses for management and providing for Income War Tax were.....

\$ 6,202,710.08
5,418.86

Add: Income War Tax Adjustment, 1938 and 1939

Deduct:

6,208,128.94

Dividends 6% per annum on Preference Shares for nine months to 30th September, 1940.....

\$ 361,350.00

Provision for Preference Dividend for the three months ended 31st December, 1940.....

120,450.00 481,800.00

Add:

Amount brought forward per last Balance Sheet..... \$ 6,452,292.09

5,726,328.94

Less: Final Dividend on Ordinary Shares of twenty-two and one-half cents per Share for year ended 31st December, 1939, paid 30th March, 1940.....

2,126,482.20 4,325,809.89

Deduct:

Dividends totalling 40 cents on Ordinary Shares.....

\$10,052,138.83
3,780,412.80

Leaving available balance of.....

\$ 6,271,726.03

out of which the Directors have declared a Final Dividend on Ordinary Shares of twenty-two and one-half cents per share payable 31st March, 1941, amounting to \$2,126,482.20, leaving \$4,145,243.83 to be carried forward.

The four interim dividends on Ordinary Shares and Dividends on Preference Shares, together with the Final Dividend on Ordinary Shares payable 31st March, 1941, exceed net profits for the year ended 31st December, 1940 by \$185,984.92.

The net profits above mentioned do not include the Company's proportion of the undivided profits of the Subsidiary and Associated Companies which such Companies have not thought fit to declare as dividends.

In pursuance of the By-Laws, Messrs. Gray Miller, Arthur Brown Bradsher, Col. Henri DesRosiers, D.S.O., Sir Hugo Cunliffe-Owen, Bart., John Matthew O'Brien and John Trites Steeves retire from the Board at the Annual General Meeting and offer themselves for re-election.

Messrs. Deloitte, Plender, Haskins & Sells, the Auditors, also retire, and offer themselves for re-appointment.

On behalf of the Board.

EARLE SPAFFORD, }
F. P. L. LANE, } *Directors.*
A. L. ROBERTSON, *Secretary.*

Montreal, 21st February, 1941.

IMPERIAL TOBACCO COMPANY

BALANCE SHEET 31

ASSETS

1939

Cash in Banks	\$ 1,899,756.74	\$ 3,761,930.78
Dominion Government Bonds (Market Value, \$149,250.00)	148,750.00	2,685,230.20
Sundry Debtors	824,341.78	270,948.37
Stock in Trade (at cost) and Advances for Leaf Purchases	15,852,858.57	13,163,618.97
	<u>18,725,707.09</u>	<u>19,881,728.32</u>
Investments in Subsidiary Companies (at cost or under)		
Shares.....	\$ 6,150,229.40	
Advances largely of a capital or fixed nature.....	<u>15,372,339.85</u>	
	21,522,569.25	19,219,306.16
Shares in other Companies.....	61,203.00	61,203.00
Real Estate and Buildings (at cost).....	2,034,034.97	1,947,375.91
Plant, Machinery, Furniture and Fittings (at cost).....	3,760,730.97	3,645,407.65
Prepaid Taxes, Insurance, etc.....	34,616.69	22,983.62
Goodwill, Trade Marks and Patents.....	28,816,800.96	28,816,800.96
	<u>\$74,955,662.93</u>	<u>\$73,594,805.62</u>

TO THE SHAREHOLDERS,

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED:

We have examined the above Balance Sheet dated 31st December, 1940, with the Books of the Company and have obtained a correct view of the state of the Company's affairs according to the best of our information and the explanations given us, and as shown by the

Pursuant to Section 114 of The Dominion Companies Act, 1934, we report that the profits of the Company for the year ended 1940 are in accordance with the holdings of the Imperial Tobacco Company of Canada, Limited.

We also report that the total dividends received from Subsidiary Companies during the year are not in excess of the aggregate

231 ST. JAMES STREET,

MONTREAL, 21st February, 1941.

ANY OF CANADA, LIMITED

t DECEMBER, 1940

LIABILITIES

1939

Due Subsidiary Companies	\$ 74,744.83	\$ 231,660.48
Sundry Creditors	1,298,939.62	1,317,413.76
Provision for Taxes	2,304,067.15	1,073,066.11
	<u>3,677,751.60</u>	<u>2,622,140.35</u>
Employees' Benevolent Fund	1,368,146.49	1,368,146.49
Reserve for Buildings, Machinery, etc.	5,130,849.41	4,645,037.29
Capital Authorized:		
Cumulative 6% Preference Shares		
1,999,995 Shares of \$4.86 $\frac{2}{3}$ each	\$ 9,733,309.00	
Ordinary Shares		
10,800,000 of \$5 each	54,000,000.00	
	<u>\$63,733,309.00</u>	
Capital Issued:		
Cumulative 6% Preference Shares		
1,650,000 Shares of \$4.86 $\frac{2}{3}$ each	\$ 8,030,000.00	
Ordinary Shares		
9,451,032 of \$5 each	47,255,160.00	
	<u>55,285,160.00</u>	55,285,160.00
Capital Surplus as per last Account	101,579.40	101,579.40
General Reserve	3,000,000.00	3,000,000.00
Accrued Dividend on Preference Shares	120,450.00	120,450.00
Profit and Loss Account (Earned Surplus)		
Balance as per Statement herewith	6,271,726.03	6,452,292.09
	<u>\$74,955,662.93</u>	<u>\$73,594,805.62</u>

Approved on Behalf of the Board:

EARLE SPAFFORD, }
F. P. L. LANE, } Directors.
A. L. ROBERTSON, Secretary.

the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and
the Books of the Company.

31st December, 1940, include the profits of the Subsidiary Companies to the extent of dividends declared by such Companies and applicable

of the Company's proportion of its Subsidiary Companies' profits for the same period as shown by the accounts of the Subsidiary Companies.

(SIGNED) DELOITTE, PLENDER, HASKINS & SELLS,

Auditors.

IMPERIAL TOBACCO COMPANY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1940

Dr.

			1939
To Provision for Income War Tax and Excess Profits Tax	\$ 2,130,247.20	\$	971,548.37
“ Net Profit for the year carried down	6,202,710.08		6,500,337.94
	<u>\$ 8,332,957.28</u>	<u>\$</u>	<u>7,471,886.31</u>
To Income War Tax—(Adjustment, 1938)	\$ 3,308.81	\$	824.99
“ Dividends			
On 6% Preference Shares:			
For the year ended 31st December, 1940..	\$ 481,800.00		481,800.00
On Ordinary Shares:			
Final dividend of 22½ cents for the year ended 31st December, 1939	2,126,482.20		2,126,482.20
Four interim dividends of 10 cents each for the year ended 31st December, 1940.	3,780,412.80		3,780,412.80
	<u>6,388,695.00</u>		<u>6,388,695.00</u>
“ Balance (Earned Surplus) as per Balance Sheet	6,271,726.03		6,452,292.09
	<u>\$12,663,729.84</u>	<u>\$</u>	<u>12,841,812.08</u>

ANY OF CANADA, LIMITED

YEAR ENDED 31st DECEMBER, 1940

Cr.

1939

By **Operating Profit**, after deducting all Charges and Expenses for Management (remuneration to all Executive Officers and Salaried Directors including amounts paid into the Superannuation Fund—\$352,236.96, Legal Expense—\$35,941.06) but before providing for Income War Tax and Excess Profits Tax \$ 6,614,686.75 \$ 5,974,971.83

“ **Income from Investments** 1,718,270.53 1,496,914.48

NOTE:—The charge against Operating Profit in respect of depreciation, amounted to \$510,052.50.

\$ 8,332,957.28 \$ 7,471,886.31

By **Balance as at 1st January, 1940** \$ 6,452,292.09 \$ 6,341,474.14

“ **Income War Tax**—(Adjustment, 1939) 8,727.67

“ **Net Profit for the year brought down** 6,202,710.08 6,500,337.94

\$12,663,729.84 \$12,841,812.08

